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T-11
18
4 February 1983

Civilian Personnel

SETTING PAY RATES

This regulation contains the Air Force policy for setting pay rates for appropriated fund civilian employees paid under the General Schedule (GS), Merit Pay System, or under the Federal Wage System (FWS). It does not apply to employees under the Senior Executive Service or employees specifically excepted under an area or country on special pay plans. To set pay rates see the Office of Personnel Management (OPM) regulations issued to carry out its responsibilities for overall administration of the pay systems. These regulations are issued under the authorities of title 5 U.S.C. sections 5333 and 5334, for GS employees; section 5402 for General Manager (GM) employees; and sections 5343 and 5346, as amended by Public Law 92-392, 19 August 1972, for Wage Grade (WG), Wage Leader (WL), and Wage Supervisor (WS) employees.

1. Air Force Policy. It is Air Force policy to pay employees equitably and fairly and, at the same time, make sure that the tax dollars are spent as effectively as possible. The commander, through the civilian personnel officer, makes sure that employee pay is properly set according to governing laws and regulations and that the principles of good management are considered. Included below are other considerations:

- a. Economy in using funds available to employ personnel. Rates will not exceed those required to attract qualified personnel within the recruiting area.
- b. Local conditions that affect recruiting and retaining qualified employees.
- c. Equitable treatment of employees.
- d. How particular pay actions affect other employees.
- e. The qualifications and service history of the employee concerning the position in which he or she is being employed.

2. When Pay Rates Are Changed. Pay rate changes covered by this regulation are made only when taking a personnel action which changes the employee's position, grade, or type of appointment. These pay rate changes cannot be made retroactive unless the record of the previous action clearly shows that an established policy, procedure, or regulation was not applied or was applied improperly because of an administrative error.

3. How Pay Rates Are Set. To administer pay see the Federal Personnel Manual (FPM) Supplement 990-2, Books 531, 536 and 540, for GS and GM employees and FPM Supplement 532-1, subchapters 8 and 10, for FWS

employees.

a. New Appointments. A new appointment is the first appointment the employee receives in the Federal service, regardless of the tenure of the appointment or the pay system under which the employee's pay is set.

(1) GS and GM Positions. All new appointments are made at the minimum step rate of the grade unless OPM approves a higher rate for appointment of a specific individual with superior qualifications to a position at grade GS-11 or above. When a higher minimum rate is established by OPM for positions in hard-to-fill categories in a particular area or location, all new appointments to these positions are made at the minimum step rate of the special rate range.

(2) FWS Positions. All new appointments are made at the minimum step rate of the appropriate grade unless a higher in-hiring rate is authorized by Headquarters United States Air Force (HQ USAF) or a step-rate above the minimum rate of the grade has been authorized by the lead agency in the wage area for positions in hard-to-fill categories.

b. Position Changes, Reemployment, and Appointment Changes. Unless an employee is entitled to a higher rate by reason of the promotion regulations or the grade and pay retention regulations, the maximum payable rate of basic pay on reemployment, transfer, reassignment, promotion, demotion, or change in type of appointment is based on the highest previous rate rule contained in 5 CFR 531.203(c) and (d) for both GS and GM employees, and FPM Supplement 532-1, S8-3c and e for FWS employees. The highest previous rate must be based on a regular tour of duty at that rate under an appointment not limited to 90 days or less, or for a continuous period of not less than 90 days under one or more appointments without a break in service.

(1) The pay of an employee who is promoted from one GS grade to a higher GS or GM grade is set at a rate that exceeds the employee's existing rate of basic pay by at least two within-grade increases of the grade from which promoted, unless that rate exceeds the maximum step rate of the grade. If it exceeds the maximum of the grade, the employee's pay is set at the maximum

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of the grade or his or her existing rate of basic pay, if that rate is higher.

(2) When a GM employee is promoted within or from the Merit Pay System, the pay is set at the lowest whole dollar rate of basic pay within the rate range of the grade to which promoted that exceeds the employee's existing rate of basic pay by 6 percent of that rate or the minimum rate of the higher grade, if that rate is higher.

(3) An FWS employee who is promoted is paid at the lowest scheduled rate of the grade to which promoted which exceeds the employee's existing scheduled rate of pay by at least 4 percent of the representative rate of the grade from which promoted. If there is no rate in the grade to which promoted that meets this requirement, the employee must be paid the maximum scheduled rate of the grade, or the existing scheduled rate of pay, if that rate is the higher.

NOTE: If the promotion is to a different wage area, the pay entitlement will be determined as if there were two pay actions; that is, a promotion and a reassignment. The actions are processed in the order that gives the employee the maximum benefit.

(4) When an employee's appointment is changed while serving in the same position, (GS, GM, or FWS), the employee's pay is set at a rate at least equal to his or her existing rate.

4. Selecting Rates. Within the minimum and maximum limits in paragraph 3 and after considering the factors in paragraph 1, the civilian personnel officer or a member of his or her staff selects the proper rates of pay according to the laws and regulations governing the personnel action. The selecting official has no authority to promise an employee any specific pay rate. OCPO/MPKMSO is authorized to set rates of pay for employees recruited in the continental United States for employment at overseas locations.

a. Position Changes. With certain exceptions, the pay of an employee who is changed or transferred to another position during a period of continuous service within the Department of Defense (DOD) is set at a rate at least equal to the employee's existing rate. Some of the circumstances under which the civilian personnel officer is either authorized or required to select a lower rate are:

(1) When the employee's existing rate is greater than the maximum rate of the grade, the employee's pay cannot be set above the maximum rate of the grade unless eligible for salary or pay retention under applicable laws or regulations.

(2) When an employee is changed to a lower grade position under the same pay system or to a position with a lower representative rate under a different pay system at the employee's request, the employee's pay may be set at any one of the step rates for his or her grade permitted by the highest previous rate rule.

(3) When a GM employee requests a change to a lower grade for his or her personal benefit or convenience and a local pay setting policy requires that the employee's pay be set so that on promotion the employee's pay will not exceed the rate of pay he or she would have attained had the change to a lower grade not occurred, reduce the employee's existing rate of pay by 6 percent. That result, provided it does not exceed the maximum rate of the lower grade will become the employee's rate of pay in a lower GM position. If the demotion is to a GS or FWS position, the result computed as above will be compared with the appropriate GS or FWS pay schedule. If the rate falls between two rates of the grade, the pay can be set at either the higher or the lower rate.

(4) When an employee is changed to a lower grade under one of the reasons listed below, the employee's pay is set at the step rate to which the employee would have progressed had he or she not been assigned to the higher grade if:

(a) The employee is returned to his or her former grade or an intermediate grade after a temporary promotion has ended.

(b) The position is allocated to a grade lower than the grade to which it was tentatively allocated.

(5) When an employee is changed to a lower grade or reassigned for personal cause, the employee's pay may be set at any one of the step rates of the grade deemed appropriate that does not exceed the employee's existing rate.

b. Repromotion. The pay of an employee who is promoted from a grade to which demoted because of declining a functional transfer or because of a reduction-in-force (RIF) within DOD is set at a rate at least equal to the current rate for the grade and step from which demoted, unless that rate is greater than the maximum rate of the grade to which promoted. If it is greater than the maximum rate of the grade, the employee's pay is set at the maximum rate unless the employee is able to retain an existing higher rate.

c. Overseas Return Rights. If an employee has overseas return rights, the employee's pay upon return to his or her former grade in the United States by exercising return rights is set at a rate at least equal to the step rate to which the employee would have progressed had the employee served continuously in the position he or she left to go overseas. This applies even though the employee has served in a lower grade while overseas and the rate so established upon return to the United States exceeds the rate permitted by application of the highest previous rate rule or the rate to which otherwise entitled because of the position change.

d. Reemployment. The pay of an employee who, after a break in service, is reemployed as the result of placement through the DOD Priority Placement Program or from a Reemployment Priority List is set at a step rate at least equal to the current rate for the grade

and step the employee held at the time of separation, unless the rate is greater than the maximum rate of the grade. If it is greater than the maximum rate of the grade, the employee's pay is set at the maximum rate. Otherwise, except for those who are exercising their mandatory reemployment rights, the employee's pay may be set at any one of the step rates of his or her grade permitted by the highest previous rate rule.

e. Mandatory Reemployment. The pay of an employee who is restored or reemployed as the result of mandatory reemployment rights is set at a rate at least equal to the rate the employee would be receiving if he or she had not left the position.

5. Grade and Pay Retention. Employees eligible for grade and pay retention will have their pay set according to FPM Supplement 990-2, Book 536.

a. Grade retention applies:

(1) When an employee, who is otherwise eligible, is placed in a lower-graded position as a result of a RIF procedure.

(2) When the employee's position has been reduced in grade as a result of reclassification.

(3) For other reasons authorized by DOD. Eligible employees are entitled to a 2-year grade retention period unless terminated for various reasons.

b. Section 536.103(b) of OPM's final regulations authorizes, under certain circumstances, the head of the agency to offer grade retention to employees who meet the general eligibility requirements, but do not have a specific entitlement by law or OPM regulation. Within DOD, grade retention is extended in the following situations:

(1) An employee who receives a RIF notice proposing a change to a lower grade or separation accepts a lower graded position at the same or another DOD activity. If the position accepted is not at a grade lower than one which has been offered by his or her activity, grade retention is granted. If the position accepted is at a lower grade than one which has been offered by the activity, grade retention may be granted, provided management determines that placement in the position is in the government's interest.

(2) An employee in an organization undergoing realignment or reduction but who would not be affected personally, requests a change to a lower grade. If management determines that the employee's change to a lower grade would result in placement in a more suitable position for that employee and in a lessening or avoidance of the impact of the reduction in force on other employees, grade retention will be granted.

(3) In other circumstances, when approved by DOD on an individual case basis. Requests for grade retention under this section must be fully documented and sent to HQ USAF/MPKC, Wash DC 20330, to review and send to DOD.

c. Pay retention is provided at the expiration of the

grade retention period and also in a number of other situations when an employee's pay would otherwise be reduced. Some of the other reasons are:

(1) Placement of an employee in a formal employee development program that is generally used government-wide; for example, Upward Mobility, Career Intern, and Apprenticeship programs.

(2) A reduction or elimination of a special rate.

(3) Placement from a special-rate position to a non-special rate position or to a lower special-rate position.

(4) Placement in a different pay schedule.

(5) When an employee is not eligible for grade retention because of a RIF or reclassification of a position.

(6) Placement in a position in a lower wage area.

(7) Section 536.104(b) of OPM's final regulations that authorizes the head of the agency to provide pay retention to employees who meet the general eligibility requirements, but do not have an entitlement by law or OPM regulation, and whose rates of basic pay would otherwise be reduced as the result of a management action. Within DOD, pay retention is extended in the following situations:

(a) When an employee would otherwise be granted grade retention under b(1) or b(2) above, but does not meet the time requirements as specified in 5 U.S.C. 5362.

(b) When an employee accepts a lower graded position designated in advance by the activity as being hard-to-fill under criteria similar to those used for extending special rates under FPM Chapter 530, Subchapter 3.

(c) When an employee is reduced in grade upon return from an overseas assignment according to the terms of a preestablished agreement. This includes employees who are released from the period of service specified in their current transportation agreement due to a management initiated action. Also included are those nondisplaced overseas employees with no obligation to return who are covered by DOD 1400.20-1-M, Part I, chapter 4.

(d) When an employee declines an offer to transfer with his or her function to a location outside the commuting area, or is identified with such a function but received no offer at the gaining activity, and is placed in a lower grade position at the losing activity.

(e) When an employee accepts a lower graded position offered by the activity for nondisciplinary reasons of ill health under criteria similar to those used in meeting the responsibilities for selective placement instead of disability retirement, as described in FPM Chapter 306, Subchapter 8.

(f) When an employee occupying a position under a Schedule C appointment is placed, other than for cause or at the employee's request, in a position at a lower grade in the competitive service or another

Schedule C position.

(g) An employee occupying an Army or Air Force reserve technician position, who has or is scheduled to lose eligibility through no fault of his or her own (that is, "status quo" employee), and who accepts placement in a lower grade non-reserve technician position.

(h) In other circumstances, as determined by HQ USAF/MPKC, resulting from personnel actions initiated by management to further the agency's mission, to the extent that the general intent of the law and regulations governing grade and pay retention is met.

Imc 85-1 add
6. Setting Pay Rates for Employees Under the Merit Pay

System. Specific pay setting procedures for GM employees are described in AFR 40-540.

7. Apprentice and Shop Trainee. When employees are receiving training and instruction designed to qualify them to perform all required duties in trade and craft occupations specified in Air Force approved training programs, they are paid under a special pay plan for such programs. The special pay plan can be used only for apprentices or shop trainees. Other training programs, such as helper-to-journeyman, are not included under the special pay plan. To establish a special pay plan for apprentice and shop trainees and to set pay rates see FPM Supplement 532-1, Subchapter S11.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

CHARLES A. GABRIEL, General, USAF
Chief of Staff

JAMES L. WYATT, JR., Colonel, USAF
Director of Administration

SUMMARY OF CHANGES

This regulation is revised to include the changes brought about by the Civil Service Reform Act of 1978 (Public Law 95-454, 13 October 1978).

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UNCLASSIFIED

01 01 181730Z APR 85 RR RR UUUU

MPD

FROM HQ USAF BOLLING AFB DC//MPD//

TO AIG 9411//DAPD//

AIG 610//DPC//

1947HSG WASH DC//MPK//

INFO AFPMPS GUNTER AFS AL//DP-CIV//

HQ USAF WASH DC//MPK/DASJL//

AFCARA BOLLING AFB DC//DIR//

AFCARA 615 E HOUSTON ST SAN ANTONIO TX//AED//

UNCLAS

SUBJECT: INTERIM MESSAGE CHANGE 85-1 TO AFR 40-530, 4 FEB 83

PARAGRAPH CHANGE: PAGE 4, ADD PARAGRAPH 5C{7}{H}1, "5C{7}{H}1

PAY RETENTION WILL BE EXTENDED TO A FORMER EMPLOYEE WHO IS RECEIVING
 INJURY COMPENSATION AND WHO ACCEPTS A JOB OFFER TO A POSITION
 THE GRADE OF WHICH IS LOWER THAN THE LAST POSITION HELD IN ORDER
 TO RETURN TO ACTIVE EMPLOYMENT."

MPK

C. APPROVED NAME TITLE OFFICE SYMBOL PHONE

SPECIAL INSTRUCTIONS

SECURITY CLASSIFICATION
UNCLASSIFIED

DATE-TIME GROUP

ED 173/2

PREVIOUS EDITIONS OBSOLETE

PT 00080

167/22087

PAGE 01

*****USAF ACTIVITIES*****

SGT, CAPT, AF, CPO, DIO, DRK, P40, PMO, SJA, TSME, AND
SCH, RDE, DOD, DOD, SS, DORE, DOPS, DEH, FEO, IG, RED, CROSS
OPTSEC, SCTY, OPTSEC, UNCLAS, CHAPLAIN, OTHER:

*****TENANT ACTIVITIES*****

BELVOIR, R2D, FESA, ETL, WRSC, PRFR, HECSA, ESC, USAMARDA, MEDDAC
DMS, DORO, DSMC, DUSAA, TSA, TMDE, CSC, ANCA, 310TH, DENTAC, CIO
AFIS/AFSA, 9020MT, DTRUSACC/OIC/MRR/SVC, USCGC, CAPSTAN, OTHER:

BTANZDSW RUEFRJA5804 1672030-UNCLAS--RUFOFJ4.
ZNR UNCLAS B/W VOL CON TO ALL SVC CLERKS PLS CLR UR LOGS
R 081730Z JUN 84
FM HQ USAF BILLING AFR DC//MPK//
TO AIG 9411
AIG 610
RUEAHQA/1947HSP WASH DC//MPK//
INFO RUCLMXXA/AFPMRWS GUNTER AFS AL//DP-CIV//
RUE 94/HQ USAF WASH DC//PASJL//
RUE 94/HQ USAF WASH DC//MPK//
RUCLMXXA/AFPMRWS LOWRY AFB MO//XSPC//
ZEN/AFCAPA ROLLING AFB DC//DTE//
RUCLMXXA/AFCAPA 615 F HOUSTON ST SAN ANTONIO TX//AFD//
ACCT AF-6DYJRE

BT
UNCLAS
AIG 0811 PASS TO DARD AND AIG 610 PASS TO DPC
SUBJECT: INTERIM MESSAGE CHANGE 94-1 TO AFR 40-530, 4 FEBRUARY 1983
WRITE IN CHANGES:

PAGE	PARA	LINE	ACTION
1	7A(1)	3	DELETE "OPM" AND REPLACE WITH "THE CIVILIAN PERSONNEL OFFICER"
1	7A(1)	5	INSERT THE FOLLOWING NOTE BETWEEN THE FIRST AND SECOND SENTENCE:

PAGE 02 RUEFRJA5804 UNCLAS

NOTE: UNDER THE DELEGATION OF AUTHORITY AGREEMENT, 13 JUN 80, BETWEEN DOD & OPM, CIVILIAN PERSONNEL OFFICERS WERE DELEGATED AUTHORITY TO APPROVE SUCH APPOINTMENTS. THIS AUTHORITY MUST BE EXERCISED IN CONFORMANCE WITH THE GUIDELINES CONTAINED IN THE DELEGATION AGREEMENT.

PAGE	PARA	LINE	ACTION
1	7B	7	DELETE "BASED ON" AND REPLACE WITH "SET IN ACCORDANCE WITH"
2	7B(2)	2	AFTER "SYSTEM" ADD: "TO THE GENERAL"

ROUTINE

* U N C L A S S I F I E D *

X

X SCHEDULED

32(1)

1 ~~1~~ AFTER "PROMOTED" ADD: "FROM ONE FWS GRADE TO A HIGHER FWS GRADE"

2

7 DELETE "OCCUPATIONAL IS" AND REPLACE WITH "OVERSEAS OCCUPATION"

2

04(2)

X FOLLOWING END OF PARAGRAPH, ADD: "NOTE: ACCEPTANCE OF A LOWER GRADE BY A DOD EMPLOYEE IN ORDER TO ACCOMPANY A MILITARY OR FEDERAL CIVILIAN EMPLOYEE SPONSOR ON A

PAGE 03 RUEB JAS 00 UNCLAS

TRANSFER IS NOT CONSIDERED TO BE A CHANGE TO LOWER GRADE AT THE EMPLOYEE'S REQUEST FOR PURPOSES OF THIS PARAGRAPH. IF THE EXISTING RATE OF PAY FOR SUCH DOD EMPLOYEE FALLS BETWEEN TWO STEP RATES OF THE LOWER GRADE, PAY WILL BE SET AT EITHER THE HIGHER OR THE LOWER OF THE TWO STEP RATES, AS DETERMINED LOCALLY. PAY MAY BE SET AT AN EVEN HIGHER STEP IN THE LOWER GRADE, IN ACCORDANCE WITH THE HIGHEST PREVIOUS RATE RULE, IF THE EMPLOYEE HAS EARNED ENTITLEMENT TO A HIGHER RATE BY SERVICE IN ANOTHER POSITION. THIS ALSO APPLIES TO DOD FAMILY MEMBER EMPLOYEES WHO ARE REINSTATED WITHIN ONE YEAR OF EXPIRATION OF LEAVE WITHOUT PAY TAKEN IN CONJUNCTION WITH SUCH A TRANSFER."

X

2

04(5)

2 DELETE "OR REASSIGNMENT"

3

50(7)(C)

4 INSERT THE FOLLOWING NOTE BETWEEN THE

PAGE 04 RUEB JAS 00 UNCLAS

SECOND AND THIRD SENTENCE: "NOTE: PAY RETENTION WILL NOT BE EXTENDED WHEN THE EMPLOYEE IS RETURNED FOR UNACCEPTABLE PERFORMANCE, PERSONAL CAUSE OR FOR A MISMATCH OF SKILLS."

BT

00 00

00 00 00

ROUTINE
